

## Message Text

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PAGE 01 COLOMB 04472 291248Z

ACTION AGRE-00

INFO OCT-01 EA-12 NEA-11 ISO-00 EB-08 COME-00 TRSE-00

OMB-01 STR-07 AID-05 CTME-00 L-03 CIAE-00 INR-10

NSAE-00 PA-02 ICA-20 /080 W

-----024903 291255Z /46

P R 291122Z SEP 78

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC PRIORITY 1511

INFO AMEMBASSY NEW DELHI

AMEMBASSY SINGAPORE

UNCLAS COLOMBO 4472

DEPT PASS USDA; NEW DELHI FOR AGATT; SINGAPORE FOR ALAN HUNT,  
WHEAT ASSOCIATES, USA

E.O. 11652: N/A

TAGS: EAGR, ETRD, EPAP, CE

SUBJ: W.S. WINS PART OF WHEAT TENDER -- LOCAL PRESS REPORTS  
PURCHASE MADE TO PROTECT SRI LANKA GARMENT EXPORTS TO U.S.

REF: COLOMBO 4197

1. THE SRI LANKA STATE FLOUR MILLING CORPORATION ACCEPTED A  
BID BY THE LOUIS DREYFUS COMPANY TO SUPPLY 40,000 METRIC TONS  
OF U.S. ORIGIN WHEAT. THE GRAIN IS TO BE SUPPLIED IN TWO EQUAL  
SHIPMENTS IN JUNE AND SEPTEMBER 1978 AT A C AND F PRICE OF  
U.S.\$158.69 FROM GULF PORTS. ALL OTHER AMERICAN FIRMS BID  
HIGHER.

2. A CONTRACT FOR AN ADDITIONAL 100,000 MT WAS AWARDED TO  
THE AUSTRALIAN WHEAT BOARD WHICH BID US\$141.50 (FOB) FOR A  
FIRST SHIPMENT OF 60,000 MT AND US\$140.50 (FOB) FOR A SECOND  
CONSIGNMENT OF 40,000 MT.

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3. THE SEPTEMBER 29 CEYLON OBSERVER'S HEADLINE STORY REPORTED  
THAT THIS WAS THE FLOUR MILLING CORPORATION'S FIRST PURCHASE  
OF AMERICAN WHEAT. THE ARTICLE, BY A RESPECTED LOCAL JOURNALIST,  
STATED THAT AT AN AVERAGE FREIGHT COST OF US\$16.60 PER TON  
OF WHEAT, THE AUSTRALIAN BID WAS SLIGHTLY BELOW THE LOWEST  
U.S. BID. THE STRONG IMPLICATION WAS THAT THE FLOUR MILLING  
CORPORATION HAD MADE A SPECIAL CONCESSION TO THE AMERIANS.

THE ARTICLE WENT ON TO CITE "THE THINKING IN GOVERNMENT" ABOUT THE NEED TO STRENGTHEN "TRADE RELATIONS WITH THE U.S....IN VIEW OF THE GROWING GARMENT MANUFACTURING BUSINESS HERE WHICH WOULD BE LARGELY DEPENDENT ON THE U.S. ALLOWING A GENEROUS QUOTA."

4. COMMENT: THE OBSERVER ARTICLE REFLECTS A GROWING CONCERN IN SRI LANKA ABOUT THE THREAT OF LIMITATIONS ON GARMENT EXPORT TO THE U.S. WE WILL CONTINUE TO MAKE EVERY EFFORT TO EDUCATE THE SRI LANKANS ABOUT THE SYSTEM OF BILATERAL EXPORT RESTRAINT AGREEMENTS. WE WILL ALSO POINT OUT THAT THE QUESTION OF GARMENT EXPORT CONTROLS WILL BE JUDGED ON ITS OWN MERITS ALONE.  
LEVIN

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NNN

## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** WHEAT, EXPORTS  
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**Copy:** SINGLE  
**Draft Date:** 29 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
Sheryl P. Walter  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014